

A Summary of public comments on Corporate Human Rights Benchmark

On 16th and 17th September 2015, “2015 Business and Human Rights Conference in Tokyo” convened, co-hosted by Caux Round Table Japan (CRT-Japan), Vice Chair of United Nations Working Group on the issue of human rights and transnational corporations and other business enterprises, Institute for Human Rights and Business (IHRB), and Business & Human Rights Resource Centre (BHRRC). As a part of the conference program, the workshop was conducted, aiming to help the participants understand the overview, framework, and process in the development of CHRB. Then, the participants reviewed and discussed the content of CHRB. This paper is a summary of their comments on CHRB. CRT-Japan received the 23 worksheets from the participants in the Business and Human Rights Conference in Tokyo and the 3 responses through the email. The summarized comments are as followed.

1. Is weight in the scoring appropriate?

- Given that respecting human rights becomes a mandate responsibility for management to fulfill, the 10% weight in leadership is relatively. 15% to 20% should be appropriate.
- Probably, it will be good to create an item of developing a timetable of corrective action plans which express willingness of companies to improve identified areas.
- Performance and adverse events should be weighted more.
- Is this applicable to MSEs? It is doubtful if MSEs can handle this.
- Regarding the weight in performance. 50% is...
 - appropriate
 - too high
 - should be higher with the focus on performance
- Item of positive impact should be included in this document.
- The weight of a grievance mechanism should rise from 10% to 15%. The weight of reporting and transparency should rise from 10% to 15%.
- Commitment of top management plays a big role in addressing human rights issues. For this reason, the weight of the items related to management should be higher.
- Regarding Adverse events, my company was rated poorly because our name was listed in reports published by NGOs. (The company actually conducts activities, but it seems they were not evaluated properly.)
- The weight of reporting should be more than 10%.
- The weight of governance should be 20%, because the management is in a position to address all the items listed in this document.
- The weight of a grievance mechanism should be higher than 10%.

**2. Is the number of the target sectors appropriate?
Are there any items to be added or removed?**

- 70 items are too many (especially D and E). The items should be more aggregated, otherwise there is too much burden on respondents.
- Too many items for MSEs, including suppliers to handle. The number of the items is appropriate for large companies with CSR departments. With CSR departments, it is extremely hard to handle them.
- This CHRB model is comprehensive, but not all companies can respond to it.
- CHRB is developed on the focus on large companies. However, MSEs face human rights issues more. So, CHRB targeted to MSEs should be developed.
- Suppliers that produce a variety of electronic products may not be able to respond to this CHRB.
- The item of Rights of women (especially, maternity leave) should be in D.
- The target sectors should be more. For instance, the target sectors can be more, focusing on a labor intensive industry.
- Why not more target sectors?
- It is questionable whether practices in actual sites can be quantified properly. However, this standard will help companies to clarify which human rights should be addressed. It is expected that it will be a trigger for companies to facilitate activities. (It will be good if the involvement of investors becomes clear.)
- Adverse events should include pollution, other public hazards and conflicts.
- It will be useful if the range of the questions varies depending on the scale of companies. For instance, large companies need to answer all the questions while MSRs need to answer 50 questions.
- Items are detailed and demanding. So, this should be only applicable to global companies.
- E.1.9.
It will be good to disclose not only the number of grievances, but also the number of consultations. (just like the case of Unilever)

3. Does this model match needs for all stakeholders?

- Is this CHRB a self assessment questionnaire or a third-party assessment? If it is the self assessment questionnaire, how do you ensure credibility of the provided information?
- What is relation with ISO26000? Will CHRB be a certification system like ISO26000?
- A system where workers and employees can express their concerns should be developed.
- Aspects of positive impact should be included.
- Perspectives on “Families of employees” and “Communities” should be considered.
- If companies become too much concerned on their rankings and benchmarking, they may not be able to address human rights issues that should be addressed as a priority. Companies should understand an essential part of this CHRB. There should be a shared understanding between investors/banks/others and companies.
- Can companies receive feedbacks that lead to improvement, not just their rankings?
- In my understanding, institutional investors and investors refer to CHRB to check corporate performances on human rights. Shareholders value more accountability, grievance mechanisms, reporting/transparency. How to balance their different interests is a key.
- Regarding the scope of supply chains to deal with, it says that `They include indirect business relationships in its value chain, beyond the first tier.` But, what is the scope of supply chains? If companies address their supply chains deeper, are they highly evaluated?

4. Others

- Data on adverse events are identified, quantified and analyzed by EIRIS. Is only EIRIS information enough to do these? How do you reflect issues that are broadcasted only in local languages?
- Consideration on disaster risks should be considered.
(Foreign workers may not evacuate due to language barriers.)
- What is the scope of responsibility that companies should carry regarding access to remedy? I understood that supply chains become big and diversified, while there are more demands from stakeholders.
- Unique characteristics of industries should be reflected on KPI such as health & safety and long hour working. By doing so, understanding of IHRB will be gained and shared within industries.
- Discrimination on contract workers of old people and re-employed employees of old people should be considered.
- There will be more confusion if different organizations create measurements. It is my expectation that IHRB will take an initiative at developing a shared and locally applicable measurement at a global level.
- A.4.1
Commitment will be an extremely difficult hurdle for Japan. "Commitment or Engagement for support for building..." will be attachable.
- B.2
Regarding accountability of board, governance differs depending on countries.
- B.2.4
Reviewing should be conducted more regularly such as 4 times a year (should be conducted every time board meetings are held.)
- B.2.5, and C.1.4
`Acknowledgement of importance of enhancing a corporate reputation by receiving a good external evaluation` should be added.
- C.1, D.1
Items such as diverse utilization of human resources, empowerment of women, support for childcare and nursing care, improvement of working environment, and development of policies should be evaluated more.
- D.1
Protection of personal information of workers and employees should be added.
- D.1.2
It says that `the company does not require workers to stay at and pay for accommodation by the company`. But, in Japan, it is common that companies provide places to stay with workers (not required), and have them pay for accommodation partly. So, the original text does not suit to the Japanese context.
- D.1.11
The text, `For example, it ensures overtime is used only infrequently and is not used as a regular solution to meeting production demands that are predictable` sounds too ideal. This sentence could be removed.
- D.1.12
Requiring commitment from the company to pay no less sounds unrealistic. In addition, calculating living wages in the countries is very subjective. How does a independent third party verify or ensure the credibility of this subjective calculation? It is better that the company uses the standard of living wages calculated by public organizations and independent third parties verify if the companies pay no less than the standard of living wages.